



## **NCUA Media Release**

---

# **Final NCUA Guaranteed Note Transaction Caps Successful Program**

***Proceeds Total \$28.3 Billion toward Corporate Resolution Plan***

**ALEXANDRIA, Va. (June 16, 2011)** – The National Credit Union Administration today announced that the final NCUA Guaranteed Notes Trust (NGN 2011 M-1) offering, priced on June 6, closed. The transaction, primarily made up of residential mortgage-backed securities, yielded approximately \$2.21 billion in proceeds.

This final transaction brings the total number of NCUA Guaranteed Notes (NGN) offerings to thirteen. NCUA has now securitized 100 percent of legacy assets originally targeted for securitization to fund deposits assumed by its bridge corporate credit unions. Securitization proceeds total \$28.3 billion from all NGN transactions. With payments on principal of the legacy assets over the 8 months of the program, the NGN program was successful as the primary funding source for the resolution of the troubled corporate credit unions.

“NCUA has achieved another milestone in our corporate resolution plan,” said NCUA Board Chairman Debbie Matz. “Our securitization program was hugely successful in helping to manage the problem assets of failed corporate credit unions. It was a cost-effective method for funding the legacy assets owned by the corporate credit unions, ensuring the system as a whole endured.”

After NCUA successfully stabilized the corporate credit unions affected by a decline in the value of the mortgage-backed securities they held, the agency created the NGN program. This initiative isolated a total of almost \$50 billion in troubled assets held by these institutions. NCUA secured the services of Barclays Capital to facilitate funding these legacy assets in the markets. NGNs receive regular payments of principal and interest from cash flows of the corresponding underlying securities. NCUA guarantees the timely principal and interest payment on the NGNs, and this guarantee is backed by the full faith and credit of the United States.

The NGN program raised long-term funding for the legacy assets and was the primary source of payment for obligations of the corporate credit union resolutions. A key component of NCUA’s corporate resolution plan, the initiative successfully ensured NCUA resolved the situation at the lowest possible cost, consistent with sound public policy. The NGN program allows for a transition of the corporate credit union system back to member-based solutions unencumbered by the corporate failures that plagued the system more than a year ago.

**- MORE -**



The NGN program was one of a number of steps NCUA took to mitigate losses to the credit union system from the corporate credit union failures. Other actions taken include:

- NCUA rewrote its corporate regulation in order to put corporate credit unions in a better position going forward and to avoid the types of losses that led to the corporate resolution.
- NCUA established a share guarantee for shares on deposit at corporate credit unions.
- NCUA continues to evaluate the actions that led to the corporate resolution. Where culpable parties are identified, NCUA will pursue the appropriate actions.
- NCUA established bridge corporate credit unions in conservatorship to ensure the services provided to consumer credit unions continued during the resolution and transition period.
- NCUA is working with the members of the bridges to transition services to a new entity where possible.

*NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.*

**- NCUA -**